

**-10.0%**  
Exports, QoQ



**5.45%**  
Prime yield, NIY



**€9.25**  
Prime rent, PSM/m



**FINLAND ECONOMIC INDICATORS Q2 2020**

**-10.0%**  
GDP Growth Q1 2020



**8.9%**  
Finland Unemployment Rate



Source: Oxford Economics

**Overview**

Finnish economy experienced GDP contraction of 0.9% in Q1. Due to Finland’s moderate lockdown policies, the contraction was a lot less severe than in most other European countries. However, Finnish GDP is expected to contract 5.5% in 2020 with a decrease of 10% in Q2. The economy is still estimated to start recovering later this year and continuing throughout 2021 with estimated GDP growth of 4.2%. The recovery of the Finnish economy depends significantly on global trade conditions. Exports fell sharply in Q1 and are estimated to perform similarly in Q2. The contractions result from severe recessions in Finland’s key trading partners and supply chains are disrupted by border closures. Global trade should rise back towards former levels in H2 after the containment measures ease.

**Occupier focus**

There were signs of improving occupier demand pre-COVID-19. No immediate impact on the industrial occupier market was recorded in H1. Export driven businesses can see difficulties due to the pandemic. On the other hand, e-commerce saw a healthy boost during Q2, which can increase the demand for selected logistics premises. There were no signs for rent level movement in Q2.

In Q2 2020 some 10,000 sq.m of new logistics premises were completed in the Helsinki Metropolitan Area. The completed development is located in Viinikkala, Vantaa and the main users are Thomeko and Sto Finexter. Also, currently there are a 10,000 sq.m logistics building under construction in Vantaa. The development is constructed by SRV and has been forward purchased by Sagax in Q4 2019. Further, in Kerava and Sipoo a total of 40,000 sq. m of logistics (gross) space is currently under construction. The developments consist mostly of build-to-suit buildings, although part of the premises are built speculatively.

**Outlook**

Weak overall trade environment and slow growth with Finland’s key trading partners combined with the pandemic are major challenges for Finnish exports and industrial sector in the coming years. The occupier demand is expected to improve in selected logistics segments going forward as the consumers have been forced to get accustomed to e-commerce even for grocery shopping.

**PRIME YIELD & PRIME RENT**



MARKETBEAT

# FINLAND

Industrial Q2 2020



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